

**NEW JERSEY STATE BOARD OF ACCOUNTANCY
PUBLIC SESSION MINUTES
OCTOBER 15, 2015
SUSSEX ROOM - 6TH FLOOR**

I Call to Order and Roll Call - 9:38 A.M.

A meeting of the New Jersey State Board of Accountancy was convened in accordance with the provisions of the Open Public Meetings Act. Pursuant to those provisions, the proper notifications were made to the Office of the Secretary of State, the Camden Courier-Post, the Trenton Times, the Asbury Park Press, the Record, and the Star-Ledger. Board President, Daniel Geltrude called the meeting to order at 9:38 A.M. The following roll call was taken:

Richard C. Barlotta, PA	Present
Jorge A. Caballero, CPA	Present
John F. Dailey, Jr., CPA	Present
Sara L. DeSmith, CPA	Present
Daniel J. Geltrude, CPA	Present
Dennis C. Meyerson, PA	Excused
David J. Milkosky, CPA	Present
Harold Model, CPA	Present
Ainsley A. Reynolds, CPA	Present
Michael H. Runge, CPA	Present

Also present at the meeting were Khaled Madin, Acting Executive Director; Tobey Palan, Deputy Attorney General, Melba Rodriguez, Secretarial Assistant; Marie Lisa, Staff; Frank Boutillette, President, NJCPA; Mike Polito, Past President, NJCPA and David Plaskow, Editor, NJCPA

II Minutes of the Meeting of September 17, 2015

On a motion made by David Milkosky, seconded by Ainsley Reynolds, the Board voted to approve the September 17, 2015 Public Session minutes as submitted. The vote of the Board was eight voting in favor with Jorge Caballero abstaining.

III President's Remarks

Board President Geltrude provided no comments to the Board.

IV Executive Director's Remarks

Executive Director Madin thanked the Board for the support that has been provided to him.

Board President Geltrude thanked Executive Director Madin on behalf of the Board for the great job that he is doing.

V Committee Reports

A CPA Examination Committee

Harold Model had no report for the Board.

Ainsley Reynolds informed the Board that he attended the Accounting Educators meeting that was held on October 9th. Mr. Reynolds informed the Board that an hour will be added to the BEC section of the exam and an hour will also be added to the REG section as well. The purpose of the additions are for task based simulations. Mr. Reynolds informed the Board that there will be 4-5 task simulations added to BEC and there will be a reduction of multiple choice. On the REG sections, the multiple choice will remain the same. The basis of the changes on the exam are to demonstrate critical thinking skills.

Mr. Reynolds raised the question that considering all the proposed changes, whether the 18 month window for adopting the changes is enough time for constituents to prepare or should it be extended to 24 months. The proposed changes would be adopted in April 2017.

Mr. Reynolds mentioned that Accounting Educators had asked whether future Board meetings could be held at colleges and universities (as had been done in

past) in order to raise awareness about Board activities and process. DAG Palan said avoiding the appearance of favoritism would be an issue.

Mr. Dailey informed the Board that he had reviewed the exposure draft of changes to the CPA exam, had listened to a webinar offered by NASBA and also participated in a Focus group.

It was also mentioned that many States are not responding to the Focus questions, and New Jersey is one of those states.

B CPE & Ethics Committee

Jorge Caballero had no report for the Board but that a matter would be discussed in Executive Session and reported on Public Session later in the day.

C RMA Committee

John Dailey informed the Board that he has spoken with Mr. Korecky and that he is currently working on the RMA exam. Mr. Dailey requested that the Board vote to approve the individuals involved with the RMA exam.

On a motion made by John Dailey, seconded by Ainsley Reynolds, the Board voted to approve John Dailey, Robert Cagnassola, Mike Cesaro of Bowman and Company and Scott Clelland from Weiss and Company to assist in the grading of the RMA exam. The vote of the Board was unanimous.

D Peer Review Oversight Committee

Sara DeSmith had no report for the Board but did inform that a meeting would be held following the Board meeting.

Board President Geltrude informed the Board that John Dailey has been added to the Peer Review Oversight Committee.

E Education & Reciprocity Committee

Ainsley Reynolds had no report for the Board.

F Nominating Committee

No report was provided.

G Statute/Rules/Regulations Committee

Richard Barlotta informed the Board that a Committee meeting was going to be held after the Board meeting. Mr. Barlotta requested that the current rules be provided to him so that the Committee can go over them.

DAG Palan informed Mr. Barlotta that the rules may be found on the Board's website.

H Monitoring Profession Committee

David Milkosky informed the Board that a report will be provided at the next Board meeting after he has had an opportunity to speak with Executive Director Madin regarding the progress with NASBA.

I Communications Committee

John Dailey said that he would like information on the protocols to have the Board's newsletter printed. Executive Director Madin informed Mr. Dailey that he would look into it and get back to him shortly.

VI Public Comments

Frank Boutillette, President of the New Jersey Society of CPAs (NJCPA), provided the Society's report on behalf of their CEO, Ralph Albert Thomas. Both Ralph and Jeff send their regrets. Ralph is enroute to the AICPA Fall Council meeting, and Jeff is attending two meetings, one with Assembly Speaker Prieto and the second with Assembly Minority Leader Assemblyman Bramnick.

Mr. Boutillette reported that since the last Board of Accountancy meeting in July, the NJCPA has been involved in the following activities:

- The Society, along with a number of other business and trade associations and regional chambers of commerce from around the State of New Jersey, participated in a Business Summit Meeting being held at the Borgata in Atlantic City on September 17th and 18th. More than 500 legislators, representatives from the administration along with heads of business alliance groups, etc. attended this program. The four key issues that were discussed and vetted at the meeting were: Transportation and Infrastructure, Regulations and Mandates, Workforce Readiness and Taxes. The Summit concluded with a Legislative Panel which included New Jersey's four legislative leaders: Senate President Steve Sweeney, Senate Republican Leader Tom Kean, Assembly Speaker Vincent Prieto and

Assembly Republican Leader Jon Bramnick. The leaders agreed that the estate tax and inheritance tax are problems and the infrastructure (aka the Transportation Trust Fund) needs to get fixed. The challenge is how to get it done. As a result of the Chamber Business Summit in Atlantic City, the 41 participating organizations were invited to a meeting on October 13th at Thomas Edison State College in Trenton to discuss what transpired at the Summit meeting in Atlantic City, recap the recommendations from the four panels on the key issues noted above and next steps in terms of how the group would operate going forward. A steering committee will be formed to provide leadership for the group and to develop a “mission” statement for the group. The Society is positioning to be on the steering committee for this group.

- The Society hosted a meeting of accounting educators on October 9th to meet with Rich Gallagher, AICPA Director of Content, CPA Examinations Team. The purpose of the meeting was to review the recently released exposure draft regarding changes to the CPA Exam. The Society has formed a task force of educators to draft a comment letter on the exposure draft.

- As a result of the upcoming statewide Assembly elections in November and the Governor being out of the state on the Presidential campaign trail, there hasn't been a lot of activity on the legislative front in Trenton. Post the elections during the “Lame Duck” session, we hope the legislature will act to address the Transportation Trust Fund issues and entertain legislation to reform the state's “Death Taxes”.

- On July 31, 2015 President Obama signed into law a short-term highway funding extension that contained important due date modifications for several common tax returns, including partnerships and C corporations. PL 114-41 is the culmination of a longstanding effort by the AICPA and state CPA societies to eliminate the awkward chronology for many returns. The NJCPA reached out to members of the NJ Congressional delegation to solicit their support. Additionally, the Society also reached out to members in the NJ Congressional delegation to solicit their support on The Innovation Act, HR 9, which addresses Patent Trolls.

- In late September, Society and AICPA representatives met with Verizon's accounting and finance staff to provide them a professional issues update, and promote the CPA credential and CGMA designation.

As previously mentioned in prior Board meetings, the Society would like the Board to consider a previous recommendation we made regarding the mandated NJ Law and Ethics course. Our recommendation is that the Board would conduct periodic audits/reviews of providers approved to deliver the mandated NJ Law and Ethics program.

On a motion made by Ainsley Reynolds, seconded by Jorge Caballero, the Board voted to adjourn the Public Session meeting at 10:20 A.M. to reconvene in Executive Session to discuss the results of the Investigative Inquiry, three matters of Old Business, the PCAOB reports and one Ethics matter. The vote of the Board was unanimous.

On a motion made by Ainsley Reynolds seconded by Jorge Caballero, the voted to reconvene in Public Session at 11:48 A.M. to provide the Ethics Committee report regarding Michael Shaw and AMICPE. The vote of the Board was unanimous.

On a motion made by Jorge Caballero, seconded by Ainsley Reynolds, the Board voted to inform Michael Shaw of AMICPE that he is precluded from teaching their NJ Law & Ethics course for the current triennial period 2015-2017 based on the findings of copying excerpts from a prior submission from the NJ State Society from 2012 and also due to lack of internal control with the issuance of attendance records. The vote of the Board was eight voting in favor with John Dailey abstaining.

On a motion made by Ainsley Reynolds, seconded by Jorge Caballero, the Board voted to adjourn the Board meeting at 11:50 A.M. The vote of the Board was unanimous.

Respectfully submitted,

Khaled Madin
Executive Director